

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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TAGS: ETRD, EC, FR

SUBJ: VIEWS OF FRENCH OFFICIAL ON CURRENT TRADE ISSUES

1. SUMMARY. IN A GENERAL REVIEW OF CURRENT TRADE POLICY ISSUES, DE MOREL, DIRECTOR OF DREE, HAS GIVEN ECON/COM MIN GOF VIEWS ON THE STRUCTURE OF THE TNC, THE COMMUNITY'S ARTICLE 24:6 OFFER, AND THE POSSIBLE IMPACT OF THE ENERGY CRISIS ON THE TRADE NEGOTIATIONS. DE MOREL SAID THE GOF WAS STILL WEIGHING THE PROS AND CONS OF THE COMMISSION'S PROPOSAL FOR A WAY OUT OF THE IMPASSE ON THE COMPETENCE OF THE AGRICULTURAL SUB-GROUP. HE
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SAID THE GOF WAS DIVIDED N THE QUESTION, WHICH WAS BEING

CONSIDERED AT A VERY HIGH LEVEL OF THE GOVERNMENT. ON ARTICLE 24:6, HE REITERATED FRENCH POSITION THAT OFFER WAS NOT NEGOTIABLE. FINALLY, HE AFFIRMED CONTINUED FRENCH SUPPORT FOR TRADE NEGOTIATIONS BUT DID NOT RULE OUT POSSIBILITY THIS COULD CHANGE IF THERE WAS A SERIOUS RECESSION IN FRANCE AS A RESULT OF ENERGY CRISIS. END SUMMARY.

2. I. - AGRICULTURAL SUB-GROUP, DE MOREL SAID TWO POSSIBLE APPROACHES TO THIS PROBLEM WERE BEING CONSIDERED BY GOF: ONE WAS THE COMMISSION'S PROPOSAL (USEC 7292). THE OTHER WAS TO PRESS FOR IMMEDIATE SETTLEMENT OF THE PROBLEM WITH THE UNDERSTANDING THAT NO PREPARATORY WORK COULD TAKE PLACE IN THE TNC UNTIL IT WAS SETTLED. DE MOREL SAID EACH APPROACH HAD ITS PARTISANS WITHIN THE GOF. SUPPORTERS OF THE COMMISSION PROPOSAL ARGUED THAT IT WOULD BE EASIER TO SETTLE A CONTENTIOUS ISSUE LIKE THIS UNDER THE PRESSURE OF THE IMMINENT OPENING OF ACTUAL NEGOTIATIONS AND THAT THERE WAS NO NEED TO HOLD UP OTHER PREPARATORY WORK IN THE MEANING. PARTISANS OF THE SECOND APPROACH DID NOT AGREE THAT IT WOULD BE EASIER TO SETTLE THE PROBLEM LATER RATHER THAN NOW AND THAT A FAILURE TO SETTLE IT NOW WOULD BE VIEWED AS A CONCESSION BY THE EC AND WOULD WEAKEN THE EC'S POSITION IN THE NEGOTIATIONS. DE MOREL ADDED THAT THE PROBLEM IN THE MINDS OF THE FRENCH WAS NOT MERELY A SEMANTIC ONE. ON THE CONTRARY, HE SAID, THE REAL SUBSTANTIVE ISSUES WERE AT STAKE. FOR EXAMPLE, IF THE U.S. VIEW WAS ACCEPTED, VARIABLE LEVIES ON AGRICULTURE COULD CONCEIVABLY BE CONSIDERED AS NTB'S AT THE NTB SUB-GROUP AND LEVIES ON PROCESSED AGRICULTURAL PRODUCTS COULD CONCEIVABLY BE CONSIDERED IN THE SUB-GROUP ON INDUSTRIAL PRODUCTS. FRANCE WOULD BE OPPOSED TO EITHER OF THESE HAPPENING.

3. DE MOREL SAID THE GOF HAD NOT YET REACHED A FINAL POSITION BUT HE HOPED IT WOULD DO SO BEFORE ARTICLE 113 COMMITTEE MEETING ON DECEMBER 21. HE SAID THE MATTER WAS BEING CONSIDERED AT WHAT HE REGARDED AS A SURPRISINGLY HIGH LEVEL, I.E., GISCARD, JOBERT, AND THE NEXT TO THE HIGHEST LEVEL AT THE ELYSEE. DE MOREL GAVE THE IMPRESSION THAT THE SUPPORTERS OF THE COMMISSION PROPOSAL WERE TO BE FOUND PRIMARILY IN THE DREE AND THE ADVERSARIES IN THE MINISTRY OF FOREIGN AFFAIRS.

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4. ECON/COM MIN ARGUED STRONGLY IN FAVOR OF A SOLUTION WHICH WOULD ALLOW PREPARATORY WORK TO GO AHEAD IN THE TNC. HE SAID THAT TO IMMOBILIZE THE TNC EVEN BEFORE IT HAD BEGUN ITS WORK WOULD RESULT IN DANGEROUS LOSS OF MOMENTUM IN THE TRADE NEGOTIATIONS AND WOULD HAVE AN EXTREMELY BAD PSYCHOLOGICAL EFFECT BOTH IN EUROPE AND IN THE UNITED STATES. HE SAID IT WOULD BE EXTREMELY UNFORTUNATE FOR THIS ISSUE TO Fester BETWEEN U.S. AND THE EC AT A TIME WHEN THE ENERGY CRISIS MADE COOPERATION

IMPERATIVE.

5. DE MOREL REPLIED THAT ALL HE COULD SAY AT THIS POINT WAS THAT THE GOF HADNOT YET MADE ITS DECISION AND THAT ALL ASPECTS OF THE PROBLEM WOULD BE GIVEN VERY CAREFUL CONSIDERATION.

6. II - ARTICLE 24:6 - DE MOREL SAID THAT ALTHOUGH THE SUPPLEMEN-
TAL EC OFFER MIGHT NOT GIVE THE U.S. EVERYTHING IT WANTED, IT
REPRESENTED A CONSIDERABLE ADVANCE OVER TH ORIGINAL FRENCH
POSITION, WHICH WAS THAT THE EC OWED THE U.S. NOTHING AS A
CONSEQUENCE OF ITS ENLARGEMENT. DE MOREL HOPED WE WOULD
FORMALLY AND PUBLICLY ACCEPT THE OFFER. IF WE FOUND IT IMPOSSIBLE
TO DO THIS, THEN HE HOPED WE WOULD AT LEAST ACCEPT IT TACITLY.
HE SAID OUTRIGHT REFUSAL AND RETALIATION WOULD CREATE AN
EXTREMELY DIFFICULT AND UNFORTUNATE SITUATION. ECON/COM MIN
ASKED IF THIS MEANT THAT IN THE GOF VIEW NO BARGAINING ON THE
OFFER WAS POSSIBLE. DE MOREL REPLIED THAT THE EC COUNCIL OF
MINISTERS HAD ALREADY TAEN THE FIRM POSITION THAT THIS OFFER
WAS THE EC'S FINAL WORD ON THE SUBJECT.

7. III - POTENTIAL IMPACT OF ENERGY CRISIS ON TRADE NEGOTIATIONS -
DE MOREL SAID THAT THE ECONOMIC DIFFICULTIES CAUSED BY THE
ENERGY CRISIS HAD NOT YET LED TO ANY CHANGE IN GOFVIEWS ON THE
DESIRABILITY OF MOVING AHEAD AS RAPIDLY AS POSSIBLE WITH THE
TRADE NEGOTIATIONS. IF EUROPE WAS PLUNGED INTO ECONOMIC
RECESSION AS A RESULT OF THE ENERGY CRISIS, HOWEVER, HE
ANTICIPATED STRONG PRESSURES IN FRANCE AND ELSEWHERE TO POSTPONE
TH NEGOTIATIONS BECAUSE OF THE BELIEF THAT A NATION IN RECESSION
COULD NOT ACCEPT A REDUCTION IN TARIFF PROTECTION. (DE MOREL
AGREED THAT IT COULD ALSO BE ARGUED THAT A RECESSION MADE IT
MORE IMPORTANT THAN EVER TO EXPAND FOREIGN TRADE, SINCE
FOREIGN MARKETS MIGHT TAKE UP THE SLCK CREATED BY THE DECLINE
IN INTERNAL DEMAND, BUT HE BELIEVED THAT IN THE TRAUMA OF A
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RECESSION, THE FORMER VIEW WOULD PROBABLY PREVAIL.) SO FAR,
HE SAID, THE EFFECTS OF THE ENERGY CRISIS WERE NOT TOO SERIOUS.
CONSEQUENTLY, THE GOF ATTITUDE TOWARDS TE TRADE NEGOTIATIONS
CONTINUED TO BE ONE OF FULL COMMITMENT TO PROCEEDING AS
EXPEDIPOUSLY AS POSSIBLE IN THE BELIEF THAT TRADE LIBERALIZATION
PROMOTES TRADE EXPANSION, WHICH IN TURN PROMOTES THE ECONOMIC
WELLBEING OF FRAN
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